GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:481
ANSWERED ON:22.12.2000
BANK LOANS TO COMMERCIAL SECTOR
LAXMINARAYAN PANDEY;SHIVRAJ SINGH CHOUHAN

Will the Minister of FINANCE be pleased to state:

(a) whether there has been a decline in the amount of loans being given by the public sector banks to the commercial sector;

(b) if so, the reasons therefor and the percentage of totaL loans provided to commercial sector by these banks during the last three years; and

(c) the steps being taken to increase the amount of loans being given to the commercial sectors by these banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) and (b) As reported by the Reserve Bank of India (RBI) non-food bank credit ofpublic sector banks representing credit to commercial sector during the last three years has been as below :

(Amount Rs. in crore)

	March 1998	March 1999	March. 2000	Dec. 2000
Non food credit (outstanding)	238890	270569	310466	332121
Increase over previous year	30161	31679	39896	21655
% increase over previous year	14.5	13.3	14.7	7.0
% share of non food credit against total bank credit	95.1	94.2	92.5	90.1
% share against all scheduled commerciai banks	79.6	79.3	78.1	77.3

percentage increase on Dec. 1, 2000 over March 2000

(c) The Reserve Bank`of India (RBI) has taken a number of measures over a period of timewhich would enhance flow of credit to the commercial sector. These include, inter alia, reduction in Bank Rate, reduction in Cash Reserve Ratio (CRR), reduction in Statutory Liquidity Ratio, deregulation of interest rates and increase of branch network in the country. These measures are expected to lead to increased flow of bank credit to the commercial sector.